

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2001-328-E - ORDER NO. 2001-764

AUGUST 20, 2001

IN RE: Application of Duke Energy Corporation for)	ORDER
Authorization under Article 13, Chapter 27 of)	APPROVING
Title 58 of the Code of Laws of South)	APPLICATION
Carolina, 1976 to Issue Securities (Revolving)	
Credit Facility))	

On July 30, 2001, Duke Energy Corporation (the "Company") filed an application (the "Application") for authorization to enter into a proposed revolving credit facility, incur and repay indebtedness under such facility pursuant to the terms thereof, and issue notes evidencing such indebtedness. Based on the verified Application and the Commission's entire files and records in this matter, the Commission now makes the following:

FINDINGS OF FACT

1. The Company is a corporation duly organized and existing under the laws of the State of North Carolina. It is duly authorized by its Articles of Incorporation to engage in the business of generating, transmitting, distributing and selling electric power and energy, and in the business of operating water supply systems. It is duly domesticated in the State of South Carolina and is authorized to conduct and carry on business in this State, and is conducting and carrying on the businesses above mentioned in each of said States. It is a public utility under the laws of this State and in its operations in this State are subject to the jurisdiction of this Commission. It is also a

public utility under the laws of the State of North Carolina and in its operations in that State are subject to the jurisdiction of the North Carolina Utilities Commission. It is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. In addition, the Company, through its subsidiaries and affiliates, engages in a broad range of energy and energy-related businesses worldwide.

2. The Company proposes, pursuant to its application in this Docket, to enter into a three-year revolving credit facility with a group of certain large commercial banks, under which it may borrow from time to time up to a maximum amount of \$475,000,000 (the "Facility"). The Chase Manhattan Bank will serve as administrative agent for the Facility. The maturity date may be extended at the Company's option for up to two additional one-year periods, upon the consent of lenders having at least two-thirds of the aggregate amount of commitments to lend under the Facility. Borrowings under the Facility will be unsecured and will not encumber any of the Company's assets. The Company will simultaneously enter into a \$475,000,000 364-day revolving credit facility with the same group of banks on substantially the same terms and conditions, for which approval is not required by this Commission pursuant to Section 58-27-1710 of the Code of Laws of South Carolina, 1976.

Under the Facility, the Company's borrowings may remain outstanding until the Facility's final maturity date. In addition, the Company may elect to convert any borrowings outstanding at the Facility's maturity to a one-year term loan. Upon the

request of one or more of the lenders under the Facility, the Company must issue a note to such lenders evidencing loans made by such requesting lender under the Facility.

Interest payable on loans taken under the Facility will vary depending upon the interest rate option selected by the Company. The options available are (i) Base Rate, (ii) LIBOR plus the Applicable Margin, (iii) Bid Rate (General), and (iv) Bid Rate (Indexed). Definitions of such rates are as set forth in the Appendix to the Summary of Terms and Conditions (filed as Exhibit B to the Application).

3. The authority requested herein is in substitution of the remaining authority granted by the Commission in the Docket No. 97-357-E, as the Facility, along with the accompanying 364-day facility described above, will replace the five-year facility authorized in such docket.

4. The Company may pay certain fees, including attorneys, accountants, trustees and fees for similar technical services, in connection with the negotiation or consummation of the Facility or borrowings thereunder as described herein. The Company will pay no fees for services in securing underwriters, agents, or lenders under the Facility, other than fees negotiated with such persons. The Company will pay a Facility Fee as described in the Term Sheet. Such fee is the result of arm's length negotiations with the lenders under the Facility, and is comparable to fees payable in similar transactions in the marketplace. The Company will also pay certain administrative fees based upon arm's length negotiations with the administrative agent and joint arrangers under the Facility, consisting of a one-time arrangement fee of not more than \$250,000, and an annual administrative fee of not more than \$40,000. The

Company will also pay a participation fee to each lender under the Facility, to be determined pursuant to arm's length negotiations. The fees described in this section pertain both to the Facility and the accompanying 364-day facility described above.

CONCLUSIONS

Upon review and study of the verified Application, its supporting data and other information in the Commission's files, the Commission is of the opinion, and so finds, that the Company is a public utility subject to the jurisdiction of this Commission with respect to its rates, service, and securities issues and that the issuance of the Proposed Securities, as set forth in the Company's Application, are

1. For lawful objects within the corporate purposes of the Company;
2. Compatible with the public interest;
3. Necessary and appropriate for and consistent with the proper performance by the Company of its service to the public and will not impair its ability to perform that service; and
4. Reasonably necessary and appropriate for such purposes.

When the borrowings herein authorized or the net proceeds from the sales of commercial paper backed by the Facility, are applied and used by the Company to purchase or redeem certain of the Company's outstanding unmatured debt securities, such sales will be made from time to time when market conditions will permit the purchases or redemptions on terms which would result in a lower cost of money to the Company. Any premium paid on purchased or redeemed debt securities will be amortized over the life of

the new borrowings and commercial paper, and the after-tax amount of such unamortized premium will be included in the Company's rate base as a component of working capital.

IT IS, THEREFORE, ORDERED that Duke Energy Corporation be, and it is hereby, authorized, empowered, and permitted, upon the terms and conditions set forth in its Application:

1. To enter into a three-year revolving credit facility with a group of certain large commercial banks, under which it may borrow from time to time up to a maximum amount of \$475,000,000 as described in the Application; and

2. To use the net proceeds of such sales to purchase or redeem higher cost securities, to refund maturing securities, to finance its ongoing electric plant construction (including the acquisition of nuclear fuel), and for working capital requirements.

IT IS FURTHER ORDERED:

1. The Company file a written report to the Commission within thirty (30) days after any borrowing under the Facility as herein approved. The report shall contain as a minimum the following data:

- a. Date of borrowing;
- b. Principal amount borrowed;
- c. Stated interest rate;
- d. The specific use(s) of the proceeds; and
- e. The docket number of the Order authorizing the borrowing.

2. This proceeding be and the same is continued on the docket of the Commission, without delay, for the purpose of receiving the report as hereinabove

provided. Further, the Commission's approval in this docket does not restrict the Commission's right to review and, if deemed appropriate, adjust the Company's cost of capital for ratemaking purposes for the effect of borrowings under the Facility.

3. Approval of this Application does not bind the Commission as to the ratemaking treatment of the contemplated issuances.

4. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

5. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)